

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY,
INTERGOVERNMENTAL RELATIONS AND THE CENSUS
CONGRESSMAN ADAM PUTNAM, CHAIRMAN



OVERSIGHT HEARING
STATEMENT BY ADAM PUTNAM, CHAIRMAN

Hearing topic: “*Federal Grants Management: A Progress Report on Streamlining and Simplifying the Federal Grants Process.*”

Tuesday, April 29, 2003
10:00 a.m.
Room 2203 Rayburn House Office Building

OPENING STATEMENT

The federal government last year provided state and local governments with grants totaling more than \$350 billion, about 15 percent of our federal outlays and 3.5 percent of GDP. This compares to the less than \$1 billion sent to state and local governments in the 1940's, an amount totaling at that time less than 5 percent of federal outlays and one-half percent of GDP. By the year 2008, state and local governments are projected to receive more than \$480 billion annually from the federal government. The federal government also focuses resources on universities and non-profits, with some 71,000 grants provided each year totaling more than \$60 billion.

In my former role as a state legislator, we spoke often around the statehouse about the role of federal monies needed to help solve pressing issues in our communities. Clearly, the role of federal government resources within our communities is large, some might say too large. By the same token, service delivery to our citizens cannot (and should not) be accomplished solely through big programs based in Washington DC. The federal government must continue its collaborative effort as a partner with various grant entities that deliver services to the American public. The reliance we mutually place on this partnership, functioning with limited resources, makes it more critical than ever that we are spending grants money wisely, that we have efficient processes in place to manage that grant money, and that the grants process is transparent and accessible.

Today, we will be examining the processes by which states, localities, universities and non-profits discover, apply, secure, and manage more than \$410 billion this year alone. The current system for awarding and administering grants is highly decentralized, involves thousands of federal employees, remains primarily paper-based, and each grant has different statutory, regulatory, policy and process requirements.

Although there have been many incremental attempts over the years to streamline this process, more recent grants management legislative reforms are leading us towards massive changes to the system, primarily by utilizing technology combined with a citizen-centric attitude.

In 1999, Congress passed the Federal Financial Assistance Management Improvement Act with the intent to improve the effectiveness and performance of federal grant programs, simplify the grants application and reporting requirements, improve the delivery of services to the public, and facilitate greater coordination among those delivering services. Of course, the devil is in the details . . . and the execution.

Between 1999 and 2001, our 26 federal grant-making agencies joined together – led by the Department of Health and Human Services – to develop the core of a plan that improved grants management as envisioned by Congress. That plan, in compliance with the new law, cut across all federal agencies, focused on efficiency and openness for all by utilizing technology, and requires common applications and reporting by all agencies. This massive effort formed the basis of what we now know as “E-Grants”, a top priority E-Government initiative followed closely by the President through his President’s Management Agenda.

The E-Government Act of 2002 further enhanced the tools available to the federal government to make E-Grants technology-based solutions work, including such provisions as authorizing electronic signatures and addressing internal data sharing between agencies.

Today, we will take a close look at the ways we have been conducting business (both past and present) with the goal of making sure all of our recent legislative and technology-based solutions are on the right track and meet the desired mutual goals. In that light, I hope we will be able to accomplish several goals at this hearing:

- We need to determine if we are on course to full compliance with the Federal Financial Assistance Management Act of 1999
- We need to make sure the E-Grants solution provides a complete and amenable solution to all stakeholders
- We need to make sure we are getting full cooperation across all agencies as well as coordinating with the grantee community on all improvements
- We need to make sure adequate resources are on the table from each grant-making agency, as well as make sure we are promoting a productive climate that rewards change-agents and a citizen-centric culture within agency leadership
- We need to determine if further legislative action or housekeeping legislation is required to keep the process on-track; and

- We should take a fresh look at the additional benefits derived from a unified grants management system, with an eye on utilizing this new system to improve post-award accountability, improve internal analysis capabilities, reduce duplicative federal programs, and reduce the number of required printed reports on grants that can be derived in real-time based on the resulting unified database.

The Federal Financial Assistance Management Act has an eight-year timeline. We are at an appropriate half-way point today to evaluate all these moving pieces, make sure we are all headed in the right -- and same -- direction with this effort, and ensure our laws and regulations continue to allow us to succeed in this enormously valuable national, state, and local partnership.